



Income Tax (Earnings and Pensions) Act 2003

2003 CHAPTER 1

PART 11

PAY AS YOU EARN

CHAPTER 2

PAYE: GENERAL

686 **Meaning of “payment”**

- (1) For the purposes of PAYE regulations, a payment of, or on account of, PAYE income of a person is treated as made at the earliest of the following times—

Rule 1

The time when the payment is made.

Rule 2

The time when the person becomes entitled to the payment.

Rule 3

If the person is a director of a company and the income is income from employment with the company (whether or not as director), whichever is the earliest of—

- (a) the time when sums on account of the income are credited in the company's accounts or records (whether or not there is any restriction on the right to draw the sums);
- (b) if the amount of the income for a period is determined before the period ends, the time when the period ends;

Changes to legislation: There are currently no known outstanding effects for the Income Tax (Earnings and Pensions) Act 2003, Section 686. (See end of Document for details)

(c) if the amount of the income for a period is not determined until after the period has ended, the time when the amount is determined.

[^{F1}But this is subject to subsection (5) (PAYE pension income: social security pension lump sums).]

(2) Rule 3 applies if the person is a director of the company at any time in the tax year in which the time mentioned falls.

(3) In this section “director” means—

(a) in relation to a company whose affairs are managed by a board of directors or similar body, a member of that board or body,

(b) in relation to a company whose affairs are managed by a single director or other person, that director or person, and

(c) in relation to a company whose affairs are managed by the members themselves, a member of the company,

and includes any person in accordance with whose directions or instructions the company’s directors (as defined above) are accustomed to act.

(4) For the purposes of subsection (3) a person is not regarded as a person in accordance with whose directions or instructions the company’s directors are accustomed to act merely because the directors act on advice given by that person in a professional capacity.

[^{F2}(5) For the purposes of PAYE regulations, a payment of, or on account of, an amount which is PAYE pension income of a person by virtue of section 683(3A) (social security pension lump sums) is to be treated as made at the time when the payment is made.]

Textual Amendments

F1 Words in s. 686(1) inserted (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), s. 10(5)

F2 S. 686(5) inserted (20.7.2005) by Finance (No. 2) Act 2005 (c. 22), s. 10(6)

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